

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)	
DISTRICT OF GRANT COUNTY, KENTUCKY, FOR)	CASE NO.
ORDER APPROVING CONSTRUCTION, FINANCING)	96-133
AND CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY)	

O R D E R

By application filed May 14, 1996, Bullock Pen Water District ("Bullock Pen") is seeking authorization to construct a \$342,145 waterworks improvement project, and approval of its plan of financing for this project. Project funding includes a \$336,453 loan from the Kentucky Association of Counties Leasing Trust ("KACoLT") and \$5,692 in Bullock Pen funds.

Additional engineering information was requested by Commission Order entered June 25, 1996. This information was due July 16, 1996. Bullock Pen's response to the June 25, 1996 Order was received by the Commission on July 8, 1996. Commission Staff requested an Informal Conference to discuss engineering related topics. An Informal Conference was held on August 14, 1996. Bullock Pen's response to the June 25, 1996 Order was discussed during the Informal Conference. Pursuant to the Informal Conference, Bullock Pen's supplemental submittal was received by the Commission on August 19, 1996.

The proposed construction will provide water service to about 69 additional customers. Plans and specifications for the proposed improvements prepared by CMW, Inc. of Richmond, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the proposed construction be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of about 7.6 miles of 6-inch diameter pipelines and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$342,145.

3. The Engineer has provided information which indicates that reliable and adequate service can be provided in the proposed project area. However, this information also indicates that low pressure may be experienced in areas of the existing distribution system. Bullock Pen should file a study identifying the low pressure areas and potential solutions within 30 days from the date of this order.

4. Bullock Pen should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Bullock Pen should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

5. Bullock Pen should only install fire hydrants in those instances where the installation complies with the requirements of 807 KAR 5:066, Section 10(2)(b).

6. Bullock Pen should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

7. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

8. Bullock Pen should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

9. Bullock Pen should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

10. Bullock Pen should furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement of the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

11. Bullock Pen should monitor its financial position to ensure that its current rates will provide adequate revenues to meet its operating expenses and debt service requirements.

12. The financing plan proposed by Bullock Pen is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Bullock Pen is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

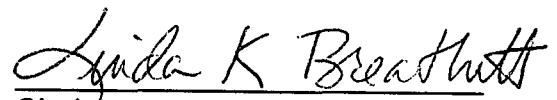
2. Bullock Pen is authorized to execute its proposed financing plan. The proceeds from this financing plan shall not exceed \$342,145 and shall be used only for the lawful purposes specified in Bullock Pen's application.

3. Bullock Pen shall comply with the requirements contained in Findings 3 through 11.

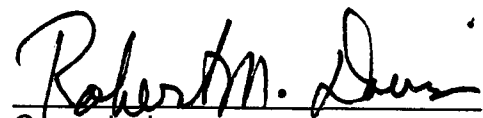
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 12th day of September, 1996.

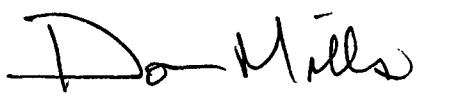
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director